Extract from Circular dated 23 January 2018

2 Taxation

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice should FGPC proceed to a Members' voluntary liquidation. They relate only to certain limited aspects of the UK tax position for individual Members who are the beneficial owners of Shares and who are resident and domiciled in the UK for tax purposes and who hold their shares in FGPC as an investment (and not as securities to be realised in the course of a trade). The following is not, and is not intended to be, an exhaustive summary of the tax consequences of acquiring, holding and disposing of Shares and it does not constitute advice. If you are in any doubt as to your tax position or are subject to tax in any jurisdiction other than the UK, you should consult, and rely upon the advice of, a duly authorised professional adviser.

It is hoped that the proposed Members voluntary liquidation will give rise to a capital return for the members in the same way as would be the case when a Companies Act 2006 company is liquidated. The tax legislation is not entirely clear on this. The Board has obtained an opinion from Tax Counsel as to the tax treatment of payments made to Members during the course of the liquidation. Tax Counsel's opinion is that such payments should be treated as capital receipts subject to CGT (capital gains tax) but there is no firm authority for this statement in either the legislation or HMRC guidance and it is possible HMRC will take the alternative view that the return is a distribution subject to income tax.

Assuming the return on the liquidation is a capital receipt for tax purposes this will give the following outcome:

- Members will trigger a disposal for CGT purposes.

- For those Members that qualified for and claimed EIS (Enterprise Investment Scheme) relief on their original investment and assuming this investment took place at least 3 years ago (or if FGPC started trading after the shares were issued 3 years have elapsed since the start of trading) and also that nothing has happened since the relevant investment to affect the EIS relief, the disposal of the interest on liquidation will be free of tax. This is the case even if there is more than one payment out on the liquidation.

- It should be noted, for these purposes, that at the time of the original investment in Shares, no EIS relief was available for holdings of 500 Shares or below, and that EIS relief on applications for more than 600 A Shares was scaled back by approximately 20% due to the maximum EIS relief limit of £2,000,000 applicable at the time (applications between 500 and 600 Shares were not scaled back as that would have made such applications wholly ineligible for EIS relief). There was no scaling back of EIS relief on applications for B Shares.

- For those Members that did not claim EIS relief on their investment (and those Members that hold some Shares that did not qualify for EIS relief as a result of the scaling back referred to above) CGT will be charged on the amount received for the relevant Shares less the amount originally invested. This is referred to as the "gain".

- The rate of CGT charged on the gain will be 10% if the gain, when added to the relevant Member's income in the tax year, is below the basic rate band (£45,000) and 20% to the extent it is above.

- Each Member will have an annual exemption from CGT to set against the gain before the tax is charged. For the tax year 2017/18 the annual exemption is £11,300 and for the tax year 2018/19 the annual exemption is £11,700.

- If the liquidation results in more than one distribution (as is likely to be the case) there will be a number of part disposals of the Shares in question. This means that on each payment of cash the Members will be treated as having sold part of their interests and in working out the gain they would take the amount received and deduct part of the amount originally paid. That part will be calculated by reference to the amount of cash paid out at that point divided by the aggregate of (1) that amount of cash and (2) the value of the remaining interest. So, to take a simple example, if the total amount paid on the liquidation is paid in two equal payments and the Member invested £1 originally, in working out each part of the gain 50p would be deducted from the amount received.

- If the amounts are paid out over more than one tax year the Member will be able to use his annual exemption in each year when a payment is made.

If HMRC determine the return on liquidation is an income tax receipt the amount received (above the original investment) will be treated as interest for tax purposes. This has the following consequences:

- To the extent not already used, the Members personal savings allowance will be available to set off against the interest receipt. The personal savings allowance is £1,000 for a Member whose taxable income (including the interest receipt) is below the basic rate threshold and £500 for a Member whose taxable income (including the interest receipt) is above the basic rate threshold but below the additional rate threshold (currently £150,000). Member's whose taxable income exceeds this threshold are not entitled to the personal savings allowance.

- Income tax will be payable on the interest after deduction of the personal savings allowance (where applicable) at the rate of 20% for Members who are basic rate taxpayers, 40% for Members who are higher rate taxpayers and 45% for Members who are additional rate taxpayers.

- The return of the amount originally invested will be a capital receipt and no tax will be payable on this amount.

If in doubt Members should take advice from a duly authorised professional adviser on what information needs to be included in their tax returns.